



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



REBECCA A. HUMPHRIES  
DIRECTOR

June 8, 2009

TO: Rebecca A. Humphries, Director

Information: Natural Resources Commission

Transaction: Proposed Nonmetallic Mineral (Potash) Lease Auction

Authority: Part 5, Department of Natural Resources, Section 502, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

Auction Method: Sealed Bid Auction

Acres Offered: Approximately 88,500 acres

Counties Offered: Gladwin, Isabella, Midland, Missaukee, Ogemaw, Osceola, Roscommon, and Wexford.

Lease Terms: Ten-year term and as to those portions of the leased premises included within a mining operation area, so long thereafter as there is either production of nonmetallic minerals and/or nonmetallic mineral products in paying quantities by Lessee from lands within such mining operation area, five percent royalty rate, initial bid per acre bonus consideration plus a (\$3.00 audit fee) and \$3.00 per acre annual rental for the first five (5) years, and a minimum royalty of \$10.00 per acre for the sixth (6) year of the lease and for each year thereafter the payment shall increase an additional \$5.00 per acre through the tenth (10) year.

Special Restrictions: Certain parcels proposed to be offered for lease may contain restrictions limiting surface activities where environmental concerns exist. All development activities proposed on State-owned surface require separate surface use agreements.

Notice: Potentially affected private surface owners have been notified of the proposed auction. Township supervisors, county commissioners and other interested parties will receive notification. Notice of the proposed auction also appeared in the county newspapers representing the areas where the lands are located. This item will appear on the June 29, 2009 Department of Natural Resources Business Calendar and will be eligible for approval on July 9, 2009.

NATURAL RESOURCES COMMISSION

Keith J. Charters, Chair • Mary Brown • Hurley J. Coleman, Jr. • John Madigan • Timothy L. Nichols • J. R. Richardson • Frank Wheatlake

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Recommendation: The mineral rights in all the lands being considered to be offered for inclusion in the proposed auction, under the terms and conditions specified.

Lynne M. Boyd, Chief  
Forest, Mineral and Fire Management

Russ Mason, Ph.D., Chief  
Wildlife

Kelley D. Smith, Ph.D., Chief  
Fisheries

Arminda S. Koch  
Resource Management Deputy

I approve the staff recommendation.

Rebecca A. Humphries  
Director

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Approval Date